

Framework for Policy Analysis

Time:	Thursday, January 9, 2003, 9:00 a.m. - 9:45 a.m.
Format:	Presentation and Discussion
Presenter:	W. David Helms, Ph.D. President and CEO AcademyHealth Washington, DC
Objectives:	<ul style="list-style-type: none">• Review the major roles of State government in the health sector.• Describe a Policy Analysis Framework designed to help assess problems, develop options, and evaluate possible policy choices.
Materials:	<ul style="list-style-type: none">• Helms presentation• Details of the Policy Analysis Framework:<ul style="list-style-type: none">I. Analyzing the ProblemII. Assessing and Selecting OptionsIII. Supporting and Evaluating the PolicyIV. Program Logic Model



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W. David Helms, Ph.D.



Framework for Policy Analysis

2003 Florida Health Care Summit

Session 2
January 9, 2003

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FRAMEWORK FOR POLICY ANALYSIS

OUTLINE

- 1. State Roles in Health Care Field**
- 2. Frameworks to Guide Policy Analysis**

AN ECONOMIC RATIONALE FOR GOVERNMENT

(Presumes Preference for Use of Market)

- 1. Provide public goods**
 - Public health
- 2. Maximize social welfare function/achieve equity goals**
 - Redistribute income
 - Provide merit goods (e.g., education)
 - Protect priority innocents
- 3. Promote market forces**
 - Contract for prescription drugs for elders
- 4. Correct for market failures and imperfections, e.g.**
 - Imperfect information
 - Monopolies and oligopolies
 - Externalities

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STATE ROLES IN THE HEALTH CARE FIELD

- 1. Protect public health and safety**
- 2. Provide health care**
- 3. Purchase health care**
- 4. Develop/train health care resources**
- 5. Structure markets through:**
 - Provision of information
 - Oversight and regulation of providers and marketplace activities

Source: This explication of state roles in the health care was developed by David Helms for the User Liaison Program workshops for state health care leaders. It was based on an article by Drew Altman and Douglas Morgan, "The Role of State and Local Government in Health," Health Affairs, Winter 1983.

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IMPACT OF RAPIDLY CHANGING HEALTH CARE MARKETPLACE ON TRADITIONAL STATE ROLES

1. *Protect public health and safety*

- Remains almost exclusively a public sector role, with responsibility vested at state and local level

2. *Provide health care*

- State and local governments continue to provide care directly through public hospitals and clinics

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IMPACT OF RAPIDLY CHANGING HEALTH CARE MARKETPLACE ON TRADITIONAL STATE ROLES

3. *Purchase health care*

- States have been using their purchaser role to control their costs for state employees and for Medicaid and SCHIP recipients;
- Some states are extending their purchasing leverage to local governments and teachers and considering using this pooling for those who are unable to obtain insurance in the individual and small group markets and;
- Pharmacy assistance programs, especially for low-income elderly.

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IMPACT OF RAPIDLY CHANGING HEALTH CARE MARKETPLACE ON TRADITIONAL STATE ROLES

4. *Develop/train health care resources (personnel and facilities)*

- Many states continue to provide targeted grant and loan programs to encourage providers to locate in underserved rural (and inner city) areas
- Some states (and local governments) will continue funding both operating and capital expenses for public hospitals and ambulatory centers located in inner city and rural underserved areas

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IMPACT OF RAPIDLY CHANGING HEALTH CARE MARKETPLACE ON TRADITIONAL STATE ROLES

5. *Structure markets*

- Produce or distribute information for purchasers and consumers
- States have repealed, or streamlined certificate of need (CON). Now used primarily to:
 - Limit nursing home capacity, specialized services and new technology
 - Monitor and control conversions of non-profit facilities to for-profit status
- States are reassessing their responsibility for licensure of various health professions including:
 - Institutional licensure
 - Cross-licensure of allied health occupations
 - "Performance-based" licensure

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STATE STRATEGY IN A PERIOD OF MARKET TRANSFORMATION

1. Monitor health systems changes
2. Promote market forces where feasible
3. Assert regulatory authority where necessary

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The Regulation-Competition Continuum

- Health policy vacillates in use of regulatory power, moving back and forth, relying more or less on market forces and on regulation.
- Due to partisan politics and strong interest groups, the net result has been a *“political stalemate between halfway competitive markets and ineffective regulation.”**

* Source: Stuart H. Altman and Marc A. Rodwin. Halfway Competitive Markets and Ineffective Regulation: The American Health Care System. *Journal of Health Politics, Policy, and Law*. 1988; 13(2): 323.

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Balancing Access, Cost and Quality

Health policy is always seeking the proper balance among three important and interrelated societal goals.



WHAT IS POLICY MAKING?

Policy making is the process for resolving competing claims for private and public policy and resources among different parties “at interest.”

Policy analysis contributes to making public policy, but analysis alone rarely resolves the differences among the parties at interest.

Changes in policy rarely result from a linear process of generating research, laying out options, selecting among alternatives, and evaluating the implementation of selected option(s).

POLICY ANALYSIS AS INPUT

Research, technical information and analysis should be viewed as *input* to political interaction and judgment - never a substitute for it. *Policy analysis* “must allow room for politics” to the degree that:

- It is fallible, and people believe it to be so.
- It cannot tell us conclusively what problems to attack
- It cannot wholly resolve conflicts of value or interest.
- It is too slow and costly

Source: Charles E. Lindblom and Edward J. Woodhouse, The Policy-Making Process, 3rd Edition, p. 22.

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KEY CHARACTERISTICS OF ANALYTIC THINKING

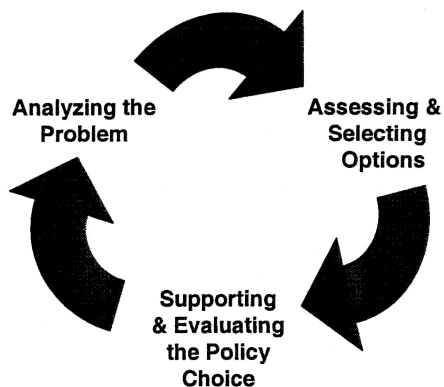
- **Focused and decision-related**
 - *Identifies and addresses important/imminent problems, related to forthcoming decisions.*
- **Fact-based**
 - *Relies to the extent possible on empirical data, quantifying relevant factors and critically assessing information.*
- **Avoids over-generalization**
 - *Insists on disaggregating problems and solutions.*
- **Explores alternative solutions**
 - *Avoids “only the one right way” thinking.*
- **Assesses possible outcomes**
 - *Future-oriented, including concern about likely changes in external factors.*
- **Reassesses decisions over time**
 - *Accounts for new information and changing conditions.*
- **Politically realistic**
 - *Understands that policy decisions require political judgement and will: the ultimate goal is to implement effective policies over time, not just develop them.*

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POLICY ANALYSIS FRAMEWORK

A Circular, Iterative Process*



***Policy analysis can begin at any point in this process**

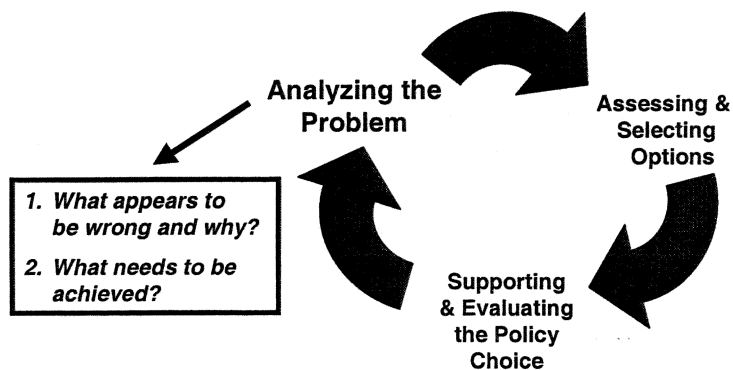
Source: This version of the Policy Analysis Framework was developed over time by Larry Lewin, Jack Needleman and David Helms for use in the User Liaison Program's workshop series on using policy analysis and research in the decision making process.

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POLICY ANALYSIS FRAMEWORK

Analyzing the Problem

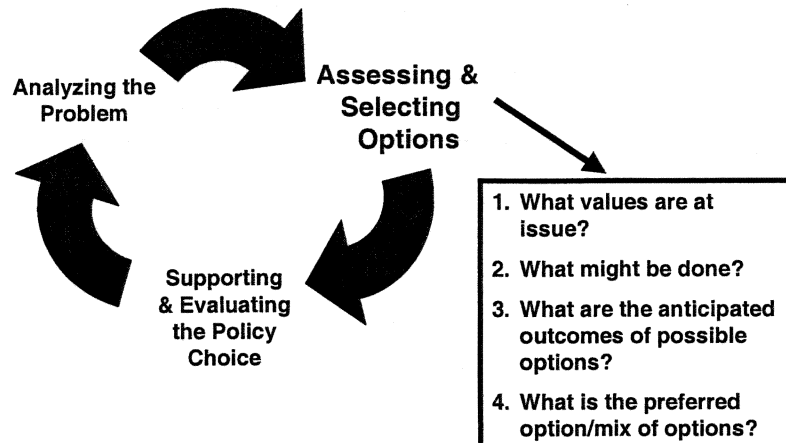


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POLICY ANALYSIS FRAMEWORK

Assessing & Selecting Options

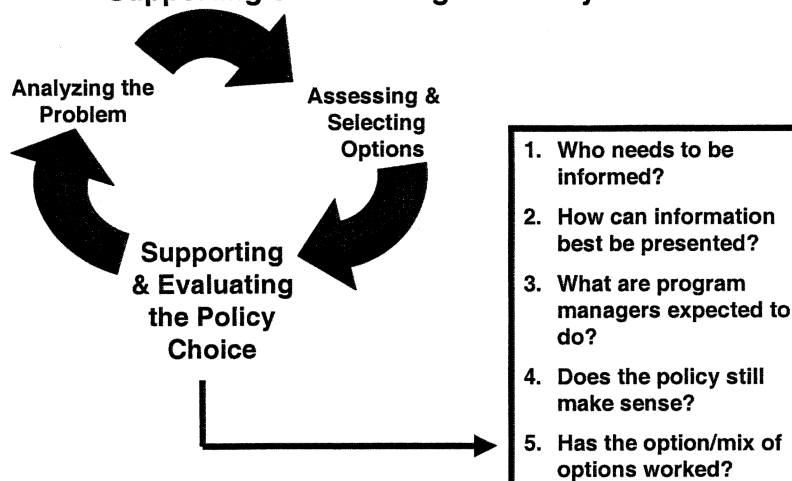


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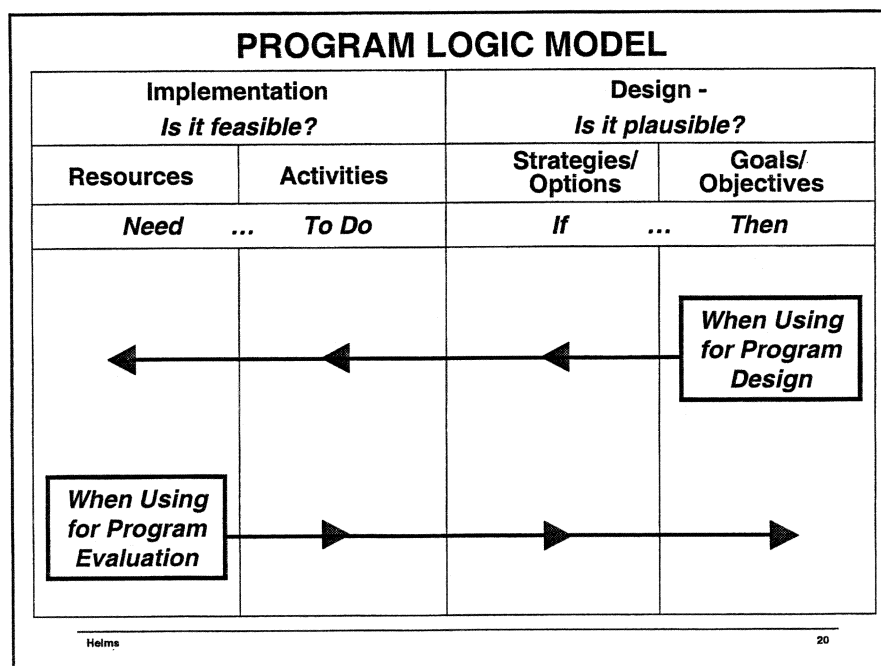
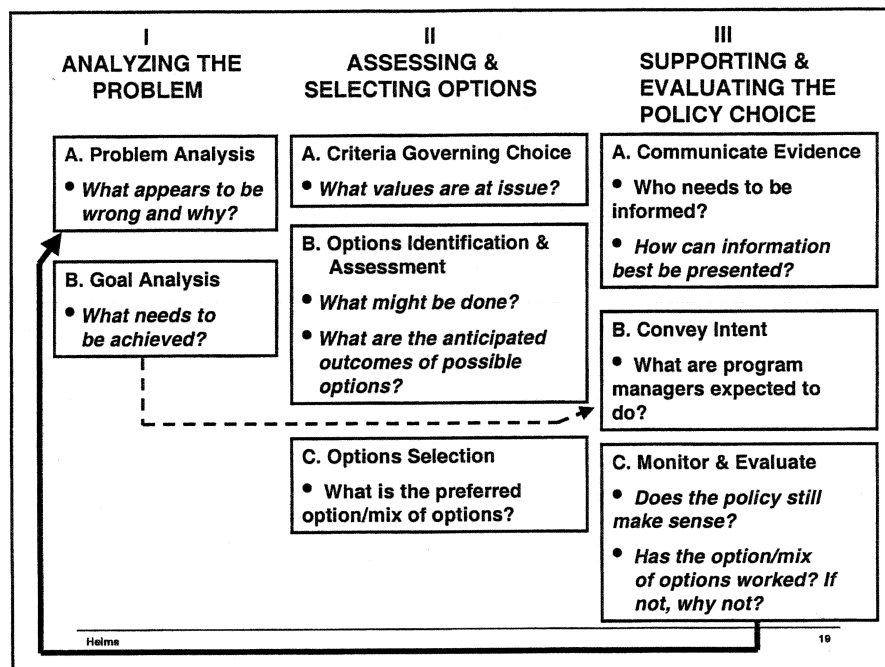
POLICY ANALYSIS FRAMEWORK

Supporting & Evaluating the Policy Choice

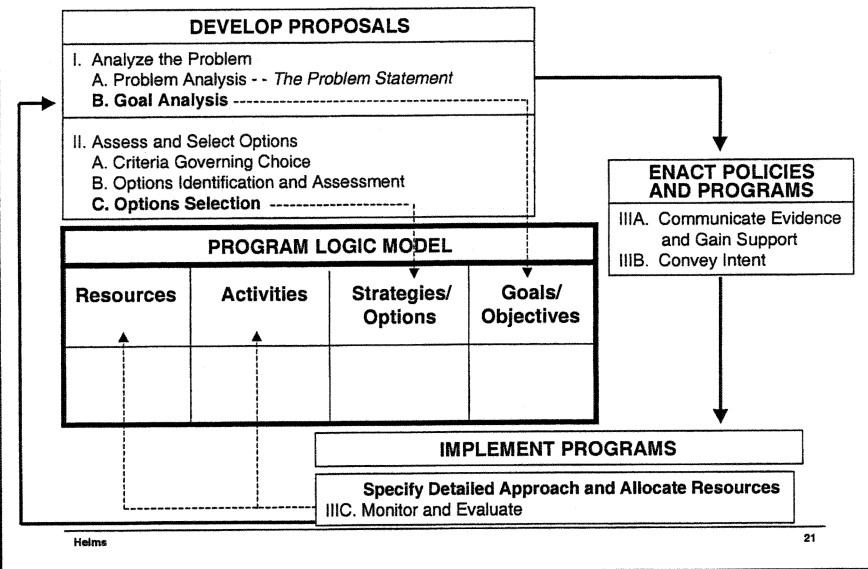


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USE FRAMEWORKS TO GUIDE POLICY DEVELOPMENT AND IMPLEMENTATION



POLICYMAKING: RATIONAL, INCREMENTAL, OR A GARBAGE CAN

- **Comprehensive, rational model** is often impractical although there are occasions where it is used.
- **Incremental model** describes parts of the policy process, particularly the gradual evolution of proposals or policy changes but does not adequately explain those instances when major, comprehensive change is adopted.
- **“Garbage can” model** is a way of explaining the seemingly haphazard process of agenda setting and alternative generation.

“Everything should be made as simple as possible, but not simpler.”
[Albert Einstein]

Source: Kingdon JW. *Agendas, Alternatives, and Public Policies*. Addison Wesley Longman, 1995. pp. 19, 20.

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THE DILEMMAS FOR POLICY ANALYSTS

- Thinking through a policy problem requires steering between too little and too much information.
- Every problem does not have a good solution.
- There is a limit on the capacity of the system to process a multitude of agenda items.

Sources: Charles E. Lindblom & Edward J. Woodhouse, The Policy-Making Process, 3rd Edition;
John W. Kingdon

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BACKGROUND MATERIALS

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W. David Helms, Ph.D.



I. ANALYZING THE PROBLEM

A. PROBLEM ANALYSIS	B. GOAL ANALYSIS
<i>What appears to be wrong and why?</i>	<i>What needs to be achieved?</i>
<ul style="list-style-type: none">• What's the problem?<ul style="list-style-type: none">-- How do you know the problem exists?• Whose problem is it?<ul style="list-style-type: none">-- Who are the stakeholders?• How serious is it?<ul style="list-style-type: none">-- What are the quantitative dimensions?• Is the problem likely to get better or worse?• What are the underlying causes?• What priority should be assigned to this problem in comparison to others?	<ul style="list-style-type: none">• What specific goals are desired to address the problem?<ul style="list-style-type: none">-- Quantify if possible?• What is the relative importance of achieving various goals?• Whose interests will be served by meeting or not meeting these goals?• How realistic are the goals?• Are there any givens or constraints in making the desired change?



II. ASSESSING & SELECTING OPTIONS

A. CRITERIA GOVERNING CHOICE	B. OPTIONS IDENTIFICATION & ASSESSMENT	C. OPTION(S) SELECTED
<i>“What values are at issue?”</i>	<i>“What might be done?”</i> <i>“What are the anticipated outcomes of possible options?”</i>	<i>“What is the preferred option/mix of options ?”</i>
<ul style="list-style-type: none"> • Which criteria should govern the decision? • Which broad approach or strategy is consistent with the key values? 	<ul style="list-style-type: none"> • Identify full range of options <ul style="list-style-type: none"> -- What have others tried? • How do options compare: <ul style="list-style-type: none"> -- Costs and benefits? -- Winners and losers? -- How meet the criteria? • Conduct tests of plausibility and feasibility on the key option(s) • Determine what resources will be required: <ul style="list-style-type: none"> -- New budget dollars -- Political leadership -- Staff Expertise • Assess interrelationships and conflicts in mix of options 	<ul style="list-style-type: none"> • Make intuitive first cut on option/mix of options to be recommended • Identify resources available • Refine by considering: <ul style="list-style-type: none"> -- Ranking of costs and benefits of option(s) -- Obstacles and constraints to be overcome in implementation -- Compatibility of mix of options • Develop fall-back positions if less resources are available • Apply test of plausibility to mix of options



III. SUPPORTING & EVALUATING THE POLICY

A. COMMUNICATE EVIDENCE	B. CONVEY INTENT	C. MONITOR & EVALUATE
<p><i>“Who needs to be informed?”</i></p> <p><i>“How can information best be presented?”</i></p> <ul style="list-style-type: none"> • What will be the decision-making process? <ul style="list-style-type: none"> -- Who decides? -- Who are the key players? -- What will be the role of key interest groups? -- What is the timing and setting for the decision? • What information will be needed to inform the decision-making process? <ul style="list-style-type: none"> -- Evidence of problem? -- Predicted impact of proposed option(s)? • How can information be organized for best impact? <ul style="list-style-type: none"> -- For principal decision-makers? -- For key interest groups? -- For public? 	<p><i>“What are program managers expected to do?”</i></p> <p>Are the expectations for the policy/program clear?</p> <ul style="list-style-type: none"> • Are some goals in conflict? <ul style="list-style-type: none"> -- How will program administrators resolve conflicts in goals? • Have priorities been clearly specified to target limited resources? • Has sufficient guidance been provided to assure implementation as intended? 	<p><i>“Does the policy still make sense?”</i></p> <p><i>“Has the option/mix of options worked?”</i></p> <p>Does the problem still exist?</p> <ul style="list-style-type: none"> -- How has it changed and why? • Are the goals still reasonable and agreed upon? • Have original objectives been achieved? If not, assess implementation? <ul style="list-style-type: none"> -- Plausibility -- Feasibility • What should be the scope of evaluation? <ul style="list-style-type: none"> -- What decisions lie ahead? -- How much time and expense is justified? -- Will key decision-makers and program managers cooperate?



IV. PROGRAM LOGIC MODEL

Implementation		Design -	
<i>I s i t f e a s i b l e ?</i>		<i>I s i t p l a u s i b l e ?</i>	
Resources	Activities	Strategies/ Options	Goals/ Objectives
Need...	To Do:	If...	Then:
<ul style="list-style-type: none"> • Identify resources needed to implement key activities: <ul style="list-style-type: none"> ▶ Funding by source ▶ Personnel by category ▶ Data ▶ Technology ▶ Plant and equipment ▶ Management systems ▶ Cooperation of key groups ▶ Leadership • Estimate resource requirements using prior experience, research/evaluation studies: <ul style="list-style-type: none"> ▶ Quantify where possible 	<ul style="list-style-type: none"> • Describe activities to achieve strategy or option: <ul style="list-style-type: none"> ▶ Already in place ▶ Needed but not in place • Assess evidence for why these activities are needed: <ul style="list-style-type: none"> ▶ Prior experience ▶ Expert opinions ▶ Research/evaluation studies 	<ul style="list-style-type: none"> • Use systematic assessment of options (PAF 2B, 2C) <ul style="list-style-type: none"> ▶ Analyze alternative means for achieving goal/objective • Specify reasons for believing each strategy might be plausible, based on: <ul style="list-style-type: none"> ▶ Research/evaluation studies ▶ Expert opinion ▶ Logic 	<ul style="list-style-type: none"> • Use Goal Analysis (PAF 1B) <ul style="list-style-type: none"> ▶ Quantify and disaggregate to extent possible



